

Message Text

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PAGE 01 DUBLIN 00604 081557 Z

51

ACTION EB-11

INFO OCT-01 EUR-25 IO-12 ADP-00 AGR-20 CEA-02 CIAE-00

COME-00 DODE-00 FRB-02 H-02 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-10 PA-03 RSC-01 AID-20 CIEP-02 SS-15

STR-08 TAR-02 TRSE-00 USIA-12 PRS-01 OMB-01 RSR-01

/178 W

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R 081525 Z MAY 73

FM AMEMBASSY DUBLIN

TO SECSTATE WASHDC 4642

INFO USMISSION GENEVA

AMEMBASSY LONDON

LIMITED OFFICIAL USE DUBLIN 0604

E. O. 11652: N/ A

TAGS: ETRD, GATT, EI

SUBJ: IRISH RESTRAINT ON TRADE

SUMMARY: EMBASSY HAS BEEN APPROACHED BY LOCAL IMPORTER WHO HAS BEEN SEEKING PERMISSION FROM GOI DEPT OF INDUSTRY AND COMMERCE TO IMPORT AMERICAN- MADE AUTOMOBILES. GOI HAS TOLD IMPORTER AND EMBASSY THAT 1968 IRISH LAW PROHIBITS IMPORTER FROM OBTAINING LICENSE TO IMPORT UNLESS HE IS AN ASSEMBLER. EMBASSY BELIEVES THIS IS A VIOLATION OF IRELAND' S GATT OBLIGATIONS AND REQUESTS DEPT' S OPINION. END SUMMARY.

1. JOYCELYN YATES, LOCAL IMPORTER OF AVIATION PRODUCTS AND VEHICLES (OTHER THAN AUTOMOBILES) HAS APPROACHED EMBASSY FOR ASSISTANCE IN OBTAINING IRISH GOVT PERMISSION TO IMPORT HIGH- PRICED, ALREADY- ASSEMBLED, AMERICAN- MADE AUTOMOBILES. YATES SAYS HE BELIEVES HE CAN SELL ABOUT 20 MODELS ANNUALLY, PERHAPS MORE AFTER HE GETS ESTABLISHED,
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DESPITE 75 PERCENT DUTY. HE HAS APPROACHED LOCAL GM DISTRIBUTOR, WHO TOLD HIM TO APPLY TO GOI FOR LICENSE TO IMPORT, AND, ACCORDINGLY, HE WROTE TO GOI DEPT OF INDUSTRY AND COMMERCE IN LATE MARCH ASKING HOW HE COULD REGISTER TO IMPORT MOTOR VEHICLES UNDER GOI " MOTOR VEHICLES (REGISTRATION OF IMPORTERS) ACT OF JUNE 12, 1968." AFTER FOLLOW- UP LETTERS AND VISIT TO DEPT, GOI OFFICIAL TOLD YATES HE COULD NOT REGISTER AND THEREFORE COULD NOT IMPORT FULLY BUILT- UP MODELS UNLESS HE WERE AN ASSEMBLER OF AUTOMOBILES IN IRELAND.

2. EMBOFF APPROACHED SAME GOI OFFICIAL AS YATES AND WAS GIVEN FOLLOWING RATIONALE: IMPORTS OF MOTOR VEHICLES WERE STRICTLY REGULATED BY QUOTA UNTIL 1966. QUOTAS WERE THEN LIFTED FOR ONE YEAR, FOLLOWING WHICH THE SO-CALLED MOTOR VEHICLES ASSEMBLY- IMPORT " SCHEME" WAS IMPLEMENTED.

3. THIS " SCHEME" WAS DEVELOPED IN ORDER TO ASSURE THE CONTINUATION OF AUTO ASSEMBLY IN IRELAND, DESPITE THE EFFECTS OF THE ANGLO- IRISH FREE TRADE AREA AGREEMENT. UNDER THIS SCHEME, THE GOI AGREED TO PERMIT BRITISH COMPANIES WHICH ASSEMBLED CARS IN IRELAND TO IMPORT FULLY BUILT- UP MODELS AT PREFERENTIAL RATES OF DUTY. SUBSEQUENTLY, ON JUNE 12, 1968, GOI ENACTED REGISTRATION OF IMPORTERS ACT WHICH GAVE THE MINISTER OF INDUSTRY AND COMMERCE AUTHORITY TO DIRECT REVENUE COMMISSIONERS TO REGISTER AS IMPORTERS OF MOTOR VEHICLES PERSONS WHO ARE ASSEMBLERS, WHO BECOME ASSEMBLERS OR WHO WERE IMPORTING VEHICLES BEFORE THE COMMENCEMENT OF ACT. THERE WAS NO PROVISION FOR REGISTRATION OF NEW IMPORTERS WHO ARE NOT ASSEMBLERS.

4. GOI OFFICIAL SAID YATES WAS PRECLUDED FROM REGISTERING BY THIS ACT.

5. ONLY FIRMS WHICH NOW ARE PERMITTED TO IMPORT AMERICAN- MADE VEHICLES ARE ASSEMBLERS OF MOTOR VEHICLES. NEEDLESS TODAY, THEY HAVE LITTLE INCENTIVE TO IMPORT AMERICAN CARS AT 75 PERCENT DUTY WHEN THEY CAN IMPORT BRITISH- MADE CARS AT 22 PERCENT. VALUE OF ASSEMBLED LIMITED OFFICIAL USE

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AUTOMOBILES ORIGINATING IN U. S. IMPORTED INTO IRELAND TOTALED 12,838 DOLLARS IN 1970 AND 7,837 DOLLARS IN 1971; THESE FIGURES INCLUDE VEHICLES SOLD BY EMB AND ITS PERSONNEL.

6. IN ITS PROTOCOL OF ACCESSION TO GATT, DATED JUNE 30, 1967, WHICH CAME INTO FORCE FOR IRELAND DEC 22, 1967,

IRELAND AGREED TO APPLY PART II OF GENERAL AGREEMENT
" TO FULLEST EXTENT NOT INCONSISTENT WITH ITS LEGISLATION
EXISTING ON THE DATE OF THIS PROTOCOL." AS FAR AS WE
CAN DETERMINE FROM LIMITED MATERIALS AVAILABLE TO EMB,
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DATED NOV 12, 1968) REFERS TO " A MINOR DEPARTURE FROM
THE PROVISIONS OF THE FREE TRADE AREA AGREEMENT IN THAT
ASSEMBLED MOTOR VEHICLES MAY, IN GENERAL, BE IMPORTED
ONLY BY IMPORTERS-- ASSEMBLERS WHO UNDERTAKE TO MAINTAIN
THEIR SCALE OF ASSEMBLY.

7. UNLESS A GATT WAIVER HAS BEEN REQUESTED AND AGREED
TO, OR THE FOREGOING NOTIFICATION HAS BEEN SOMEHOW ACCEPTED
BY THE CONTRACTING PARTIES AS A BASIS FOR IRELAND'S
RESTRICTING AUTOMOBILE IMPORTS, EMBASSY BELIEVES THAT
GOI REGULATION OF IMPORTERS EMBODIED IN 1968 ACT IS A
VIOLATION OF IRELAND'S OBLIGATIONS UNDER ARTICLE XI
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CONFIRMED BY DEPT, FOLLOWING WHICH WE WOULD LIKE TO
RAISE THIS ISSUE FORMALLY THROUGH THE FOREIGN OFFICE.
SORENSEN

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*** Current Handling Restrictions *** n/a
*** Current Classification *** LIMITED OFFICIAL USE
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*** Current Classification *** LIMITED OFFICIAL USE

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Review Withdrawn Fields: n/a
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Status: <DBA CORRECTED> mcm 971219
Subject: IRISH RESTRAINT ON TRADE
TAGS: ETRD, EI, GATT
To: EB
GENEVA
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Type: TE
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